

2017-19 Wisconsin State Biennial Budget

Governor Scott Walker released his proposed state budget to a joint session of the Legislature on February 8, 2017. The budget is introduced as Assembly Bill 64 / Senate Bill 30.

Highlights of the Governor's two-year spending plan include:

- An additional \$649 million for K-12 education
- An additional \$140 million for the UW system, which includes a 5 percent tuition cut
- Elimination of state prevailing wage
- Elimination of the state forestry property tax levy
- Reducing the two lowest individual income tax brackets by 0.1 percent each
- Transitioning to a self-insurance model for state employees
- Two-year technical college tuition freeze

The WCA Government Affairs staff has prepared the following summary of provisions in the Governor's budget that are likely to affect counties. WCA will continue to provide members with additional information about the budget as it becomes available. Please check the WCA website at www.wicounties.org for updates.

WCA Government Affairs Staff:

Kyle Christianson, Director of Government Affairs
christianson@wicounties.org

Sarah Diedrick-Kasdorf, Deputy Director of Government Affairs
diedrick@wicounties.org

Dan Bahr, Government Affairs Associate
bahr@wicounties.org

Marcie Rainbolt, Government Affairs Associate
rainbolt@wicounties.org

Chelsea Fibert, Government Affairs Assistant
fibert@wicounties.org

AGRICULTURE, ENVIRONMENT, AND LAND USE

Department of Natural Resources Reorganization: The Governor's budget recommends reorganizing and restructuring the department.

Water Quality and Environmental Protection: The Governor's budget provides additional support for forestry management, water quality management expansion, environmental management and protection and natural heritage. Modifications to the Environmental Improvement Program and additional resources for water quality management will ensure the continued protection of the state's ground- and surface water. In addition, through the class action settlement resulting from Volkswagen, settlement funds received by the state will be redirected to replacing aging, inefficient vehicles with clean-powered vehicles.

UW-Extension Pollution Abatement Program: The Governor's budget eliminates the requirement that the DNR allocate \$500,000 in each fiscal year for education and technical assistance provided by the UW-Extension relating to the nonpoint source water pollution abatement program.

County Conservation Activities: The Governor's budget increases the amount of cost sharing for non-point abatement projects and other land and water conservation activities performed by counties by \$825,000 each year.

Soil and Water Resource Management Bond Authority and Cost Share Grants: The Governor's budget provides \$7 million in SEG-supported general obligation bonds for grants to counties for implementation of land and water resource management plans, including cost-share grants to landowners. Funding amounts are consistent with the current biennium.

Environmental Management Account Funding Changes: The Governor's budget increases expenditure authority for watershed nonpoint source contracts and other environmental aids. In addition, the budget reduces the transfer of funding from the general fund by \$3.2 million and instead transfers the aforementioned amount from the general fund to the nonpoint account.

Department of Forestry Relocation: The Governor's budget requires the chief forester to relocate to a location north of STH 29. Further, the budget provides relocation assistance to any existing employees currently in the divisions central office who wish to relocate to a state office north of STH 29.

Timber Sales and Cutting Procedures: The Governor's budget changes the procurement and sale of timber by: 1) raising the threshold from \$3,000 to \$10,000 at which a sale of estimated value must be publicly advertised; 2) eliminating the requirement that the sale notice must be posted in a newspaper and permitting the department to select the best method to advertise timber sales; and 3) extending the

amount of time from two years to five years by which a county must report on when merchantable wood products were cut under an approved cutting plan.

Permitting of Concentrated Animal Feeding Operations (CAFOs): The Governor's budget requires that DATCP and DNR jointly conduct a study, to be completed by December 31, 2018, to determine whether the Wisconsin Pollutant Discharge Elimination System permit program for Concentrated Animal Feeding Operations (CAFOs) should be transferred from DNR to DATCP.

COUNTY ORGANIZATION AND PERSONNEL

Broadband Access: The Governor's budget makes changes to funding for grants by the Public Service Commission (PSC) for the construction of broadband infrastructure in underserved areas of the state. The Governor's budget continues to expand funding for broadband and access through transfers in funds and statutory changes for the PSC, Department of Administration's (DOA) Technology for Educational Achievement Program, the Department of Natural Resources (DNR), and the Department of Transportation (DOT) for a total of \$30.5 million in FY 2017-18, and approximately \$10 million in FY 2018-19.

The Governor's plan includes delaying the sunset date for the Technology for Educational Achievement (TEACH) program infrastructure grant to July 1, 2019 resulting in an additional \$15 million available.

The budget also provides \$6 million in new dollars from the Universal Service Fund and \$5 million from E-rate to the Broadband Expansion Grant program in FY 2017-18. Also, the \$1.5 million cap will be lifted thus allowing for \$14 million in total spending in FY 2017-18. Further, the Governor directs unused funds from the Universal Service Fund to the Broadband Expansion Grant program and allows grants and broadband office administration to be funded from under-spending in the rate-assessed Universal Service Fund appropriation. This is an estimated increase of approximately \$1 million in FY 2018-19.

Veterans: The Governor's budget provides \$60,000 in both FY 2017-18 and 2018-19 to create a pilot program for crisis intervention services for veterans in Kenosha and Racine counties.

The Governor also changed the County Veterans Service Office Grant Program by returning the program to a block grant model for disbursement of grant dollars and requiring accountability from the county executive, administrator, or administrative coordinator to certify proper use of the funds. Salary and fringe benefit expenses incurred in 2017 and 2018 shall not exceed 50 percent of the grant funds awarded and salary and fringe benefit expenses incurred in 2019 shall not exceed 25 percent.

Further, the Governor's budget provides \$107,800 in FY 2017-18 and \$143,800 in FY 2018-19 for a County Veterans Service Office liaison position to improve administration and outreach services associated with the program.

Printing, Publishing and Mailing Efficiencies: The Governor's budget allows for an electronic option for all units of government for any printing, publishing, or mailing that is statutorily required. However, the following documents will be excluded from the waiver authority and the electronic option: any election documents, facsimile ballot, referenda, notice of public hearing before a governmental body, and notice of meetings of private and public bodies required by law; and summons, order, citation, notice of sale, or other notice that is intended to inform a person that the person may or shall do an act or exercise a right within a designated period or by a designated date. Also exempted is certified or registered mail.

For mailing, the budget allows the governmental entity to mail the nonexempt document electronically. For printing, the budget allows the governmental entity to make the nonexempt document available to the public on its website. For publishing, the budget allows the governmental entity to publish the nonexempt document on its website. If statute requires that the nonexempt document be published on the website and in another form, the budget allows the governmental entity to publish the document only on the website. The date in which the document is provided on the website is the date of publication.

Rental Unit Energy Efficiency: The Governor's budget eliminates rental unit energy efficiency standards and certifications along with powers of the Department of Safety and Professional Services (DSPS) related to those standards and requirements. DSPS will be allowed to take enforcement action for violations of the standards that occur before the effective date of the budget. Also, the budget eliminates the requirement that the owner of the rental property, before transferring ownership, must do one of the following: 1) have the rental unit inspected by a certified inspector who will then issue a certificate that the unit meets minimum energy efficiency standards; 2) if the unit is scheduled for demolition within 2 years, a waiver of certification must be obtained from DSPS or a certified inspector; or 3) obtain a stipulation between the transferee of the unit and DSPS or the city, village, town in which the unit is located showing that the transferee will bring the unit into compliance with minimum energy standards within a year of the transfer.

The Governor's budget eliminates the following: the Register of Deeds may not record a document that transfers real estate that contains a rental unit unless the document is accompanied by that certificate, waiver or stipulation under current law.

Prevailing Wage and Project Labor Agreements: The Governor's budget calls for a full repeal of prevailing wage requirements (state prevailing wage law and highway prevailing wage law) for state construction projects including projects led by the DOT.

The Governor's budget also prohibits any unit of government in Wisconsin from either requiring or considering the use or lack of use of project labor agreements by contractors as a condition of bidding on a public works project. A unit of government is prohibited from 1) requiring a bidder to enter into an agreement with a labor organization; 2) considering whether or not a bidder has or has not entered into an agreement with a labor organization; or 3) requiring that a bidder enter into an agreement that requires them or their employees to become or remain members of a labor organization or pay dues or fees to a labor organization.

Local Government Property Insurance Fund: The Governor's budget closes the LGPI fund to new policies after July 1, 2017 and renewals after December 31, 2017. Coverage cannot be extended beyond December 31, 2018 and all claims must be filed before July 1, 2019 or they will not be covered. Any funds remaining after July 1, 2019 will be dispersed amongst the local governmental units that were insured on July 1, 2017.

Administrative Rules: The Governor's budget provides that if an economic impact analysis for a proposed rule reveals that the cost would be \$10 million or more for implementation, and compliance costs are reasonably expected to be incurred by or passed along to local governmental units over any two-year period, the agency must stop work on the rule and may not continue to promulgate the rule unless 1) the bill that authorizes the promulgation is enacted; or 2) if the agency modifies the rule to address the implementation and compliance costs through a revised impact analysis or any subsequent prepared independent economic impact analyses.

HEALTH AND HUMAN SERVICES

Department of Health Services (DHS)

FoodShare Employment and Training: The Governor's budget extends participation in the FoodShare Employment and Training (FSET) program to all able-bodied adults by piloting mandatory FSET program participation for able-bodied adults with school-age children. Once implemented statewide, it is estimated FSET enrollment will increase by roughly 25,000 per year.

Universal Referral for FoodShare Employment and Training: The Governor's budget recommends referring all eligible able-bodied adults to the FoodShare Employment and Training program, allowing vendors to fully explain the benefits of receiving employment and training services. Participation would not be required, and there would be no sanctions to FoodShare benefits for nonparticipation.

Employment and Training for Childless Adults: The Governor's budget increases investment in employment and training services for childless adult Medicaid participants and institutes a requirement that those not employed or who are underemployed participate in available services. Approximately 49,200 enrollees will be referred to employment and training services and DHS is provided with \$1,608,000 GPR and

\$3,216,000 all funds and 2.0 FTE positions in FY18 and \$8,255,500 GPR and \$16,511,000 all funds and 24.0 FTE positions in FY19 to provide these services.

Asset Limit: The Governor's budget implements a \$25,000 liquid asset limit in Wisconsin Shares and FoodShare to focus assistance on those most in need. Associated costs for DHS to implement this requirement are \$118,200 all funds in FY18 and \$3,589,800 all funds in FY19.

Child Support: The Governor's budget reinstates the child support requirement for FoodShare, so both parents are asked to support their children as a condition of receiving benefits. The budget provides \$1,172,300 all funds in FY18 and \$185,800 all funds in FY19 and 1.0 FTE position for systems changes to implement the requirement.

Medicaid Purchase Plan (MAPP): The Governor's budget strengthens the work requirement and eliminates the premium cliff in the MAPP program to provide incentives for people with disabilities to engage in meaningful work by requiring a monthly premium for all enrollees (\$25 per month unless the premium would be an undue hardship, plus 3 percent of adjusted earned or unearned income that exceeds 100 percent of the FPL). Enrollees will also be required to show proof of paid employment, substantial in-kind work, or participation in pre-employment programming in order to be eligible for this additional support. The budget minimizes the number of MAPP members who might lose access to Medicaid by increasing the medically needy eligibility limit to 100 percent of the federal poverty level. The budget also strengthens the Health and Employment and Counseling program by providing additional funding and position authority. Funding is allocated at \$901,200 all funds in FY18 and \$3,203,900 all funds in FY19. Three FTE positions are also authorized.

Eligibility Determinations and Cost-Sharing: For determinations of financial eligibility and any cost-sharing requirements for the Community Options Program (COP), for certain community integration programs, the Family Care program, Family Care Partnership, IRIS, and certain Medical Assistance programs, the Governor's budget requires DHS to exclude any assets accumulated in the person's independence account and any assets from retirement benefits accumulated from income or employer contributions while employed and receiving state-funded benefits under COP or MAPP benefits. The budget sets the same requirement for excluding retirement benefits from eligibility determinations for the MAPP program as assets accumulated in an independence account are already excluded under current law.

The budget also changes the income limit for Medical Assistance program eligibility for certain elderly, blind, or disabled individuals who are medically needy to 100 percent of the federal poverty line for a family the size of the individual's family.

Children's Long-Term Supports: The Governor's budget expands access to care by providing \$14,067,300 in FY18 and \$25,205,500 in FY19 to eliminate the waiting list for long-term supports for approximately 2,200 children with developmental disabilities, physical disabilities, or severe emotional disturbances. The budget also implements

reforms to increase efficiency or service delivery and to develop an equitable funding methodology to ensure county funding remains within the program.

The budget allows DHS to require a county to maintain a specified level of contribution, which is determined by DHS based on historical county expenditures, for the disabled children's long-term support program. Counties are required under the budget to cooperate with DHS to determine an equitable funding methodology and county contribution mechanism going forward and to ensure that county contributions are being expended for the children's long-term support program. The budget also allows DHS to contract with a county or group of counties to deliver children's long-term support program services.

Nursing Home Rates: The Governor's budget provides an increase of \$18,354,900 in FY18 and \$33,118,900 in FY19 to: (a) increase nursing home provider rates by 2 percent in each fiscal year to support direct care workforce and increased resident acuity in nursing homes; (b) increase provider rates by 1 percent in each fiscal year to intermediate care facilities for individuals with intellectual disabilities; and (c) increase funding for enhanced behavioral and cognitive impairment incentives.

Personal Care: The Governor's budget supports the Personal Care program direct workforce by providing a 2 percent increase of \$5,034,300 in FY18 and a 2 percent increase of \$9,936,300 in FY19 to address increased program participant acuity.

Birth to 3 Medicaid Reimbursement: The Governor's budget increases Medicaid reimbursement for Birth to 3 by allowing the Birth to 3 allocation to be used for the nonfederal share of any newly implemented Birth to 3 Medicaid services. The budget also authorizes the department to submit any Medicaid state plan amendment that increases Medicaid reimbursement for Birth to 3.

Lead Poisoning: The Governor's budget updates the definition of lead poisoning or lead exposure in statute from 10 micrograms per deciliter to 5 micrograms per deciliter, increases the Medicaid reimbursement for investigations to \$800, and provides \$61,000 all funds in FY18 and \$122,000 all funds in FY19.

Peer-Run Respite Center: The Governor's budget provides \$450,000 in FY19 to develop a Peer-Run Respite Center for Veterans in the Milwaukee area to improve outcomes of veterans in crisis and those having difficulty coping with mental illness.

Children's Crisis Facility: The Governor's budget provides \$249,100 in FY18 and \$996,400 in FY19 to develop an eight bed Crisis Treatment and Stabilization Facility for children to improve outcomes of children in crisis. The facility will be community based and provide mental health services to children in the least restrictive setting. In addition, the facility will improve clinical outcomes while also reducing the number of institutional admissions at Winnebago Mental Health Institute.

Meeting Reimbursement: The Governor's budget provides \$10,000 in FY18 and \$10,000 in FY19 for the Office of Children's Mental Health to reimburse individuals for travel costs associated with attending meetings to include people with lived experience in the decision making process.

Forensic Treatment Capacity at Mendota: The Governor's budget increases forensic treatment capacity and improves patient services at the Mendota Mental Health Institute by providing 73.0 FTE positions and \$7,190,500 in FY18 and \$7,220,100 in FY19 to reduce the current forensic inpatient caseload and admission waiting list.

Income Maintenance Consortia Reestimate: The Governor's budget recommends funding the income maintenance consortia based on updated caseload assumptions and program requirements (\$12,393,800 in FY18 and FY19).

Child Psychiatry Consultation Program: The Governor's budget increases funding for the Child Psychiatry Consultation Program by \$500,000 annually.

Department of Children and Families (DCF)

Children and Family Aids: The Governor's budget increases the Children and Family Aids allocation by \$1,250,000 PR-F in FY18 and by \$5,000,000 PR-F in FY19 to address increasing child welfare costs. Total Children and Family Aids from all sources would be \$70,630,800 in FY18 and \$74,712,400 in FY19. Increases will begin in CY18.

The budget also increases children and family aids to counties to fully fund a prior foster care rate increase, which was a 2.5 percent increase effective in CY15.

Fostering Futures: The Governor's budget provides an additional \$200,000 TANF in FY19 to Fostering Futures: Connections Count to develop and implement a trauma-informed training curriculum that is more specific to Wisconsin's needs. Total program funding would be \$360,300 in FY18 and \$560,300 in FY19.

In-Home Safety Services: The Governor's budget provides additional funding of \$889,800 TANF in FY18 and \$1,921,600 TANF in FY19 to expand child safety and out-of-home placement services statewide so that children may remain at home with supportive services rather than being placed outside of the home. Similar to Children and Family Aids, the budget requires matching funds by counties (9.89 percent). Total funding for services is \$6,282,500 in FY18 and \$7,314,300 in FY19.

Foster Care/Kinship Care Rates: The Governor's budget increases foster care and kinship care rates by 2.5 percent annually in each calendar year. The basic foster care and kinship care rate would increase from \$232 to \$238 in CY18 and from \$238 to \$244 in CY19. Additional funding from all fund sources under the bill would be \$861,300 in FY18 and \$2,162,100 in FY19.

Tribal High-Cost Placements: The Governor's budget provides \$247,500 PR-S in additional funding in each fiscal year and flexibility (consolidating related appropriations) for high-cost tribal out-of-home care placements to meet tribes' needs. Total available funding for the program would be \$717,500 in each fiscal year.

Child Care: The Governor's budget eliminates the child care cliff by providing child care subsidies to families participating in Wisconsin Shares whose incomes rise above 200 percent of FPL but with copayments that increase \$1 for every \$3 in additional income. The estimated cost is \$1,962,600 TANF funding in FY19.

The budget also provides that, if an individual who is eligible for a child care subsidy under Wisconsin Shares permanently ceases participating in an approved activity, the individual will remain eligible for the child care subsidy for a period of three months after the individual ceases participation or until the individual's eligibility is redetermined, whichever is earlier. The budget also provides that an individual will also remain eligible for a child care subsidy while the individual experiences a temporary break in an approved activity, such as a break due to illness, to care for a family member, a school or holiday break, a regular break from seasonal work, or any other break from an approved activity that does not exceed three months.

The Governor's budget adds a requirement that a child for whom a Wisconsin Shares child care subsidy is sought be immunized according to the immunization requirements implemented by DHS.

Learnfare: The Governor's budget allows benefits to be sanctioned if a family is not compliant with case management in efforts to address attendance issues, and the Learnfare-eligible student is either habitually truant or unenrolled in school. Currently, sanctions can only be levied for nonenrollment.

Public Benefits and Absenteeism: The Governor's budget requires the Departments of Children and Families, Public Instruction, Health Services, and Workforce Development to study the population overlap of public benefit programs and chronic absenteeism among students.

Home Visiting Program: The Governor's budget provides \$3,900,000 in additional TANF funding annually to the state's home visiting program to expand the number of families served and increase the number of parents equipped with the tools needed to improve chances of success for parents and their children. Program funding would total \$14,297,000 all funds in each fiscal year and \$28,595,400 over the biennium.

Supporting Parents Supporting Kids: The Governor's budget continues funding for Brown and Kenosha counties for the existing Supporting Parents Supporting Kids program by providing \$200,000 all funds in FY18. The budget provides \$553,636 all funds in FY19 to administer a five-county child support demonstration program to expand an enhanced Supporting Parents Supporting Kids model that provides work, employment training, and parenting services to low-income noncustodial parents to get a

job in order to fulfill financial obligations to his or her child. Grants in FY19 are anticipated to total \$375,000, funded by existing child support program revenue. With the anticipated federal match, funding for the demonstration program over the biennium will total \$938,600 all funds.

Drug Testing for W-2: The Governor's budget requires most new Wisconsin Works applicants to participate in substance abuse screening, testing and, if necessary, treatment. The budget enables DCF to expand the screening process through administrative rules.

Public Assistance Collections: The Governor's budget reallocates 3.0 FTE positions for additional staffing in DCF's Public Assistance Collections Unit to enhance efforts to combat fraud and collect overpayments.

Public Assistance Program Fraud and Error Reduction: The Governor's budget provides \$605,500 in each year of the biennium to reimburse counties for program integrity, and W-2 and child care fraud investigation costs.

Child Victims of Sex-Trafficking: The Governor's budget provides an additional \$2,000,000 GPR in FY19 for services to child victims of sex trafficking. Total funding would be \$2,000,000 in FY18 and \$4,000,000 in FY19. The Governor also recommends modifying current law to expand exclusive original jurisdiction of juvenile courts to include any child who is a victim of or at substantial risk of becoming a sex trafficking victim.

Juvenile Justice

Lincoln Hills/Copper Lakes: The Governor's budget provides 20.5 FTE positions to improve staff ratios and increase services at the Lincoln Hills School and Copper Lake School juvenile facilities.

The budget provides 3.25 FTE positions and \$256,100 GPR in FY18 and \$300,500 GPR in FY19 to expand mental health services for girls at Copper Lake School so that they have similar access to mental health services as juvenile males.

The budget improves staff ratio requirements at Lincoln Hills School as prescribed by the federal Prison Rape Elimination Act (PREA) by providing 8.25 FTE positions and \$653,400 PR in FY18 and \$653,400 PR in FY19.

The budget provides 9.0 FTE positions and \$93,500 PR in FY18 and \$65,900 PR in FY19 for the safe distribution of medication to the juvenile population.

JCI Population: The Governor's budget projects a juvenile population of 253 in each fiscal year of the biennium.

The budget requires that individuals under the age of 18 be placed at a juvenile correctional facility or a secured residential care center for children and youth, rather than an adult prison, when appropriate.

JCI Rates: The Governor's budget sets the daily rates for juvenile correctional institutions at \$344 in FY18 and \$352 in FY19. The current rate is \$292.

Other:

School Mental Health: The Governor's budget provides \$6.5 million to improve and expand school mental health services. The Governor's budget establishes three new programs: (a) \$3,000,000 in FY19 to support school social work expenditures; (b) \$2,500,000 in FY19 to support school and community health collaborations; and (c) \$491,000 in FY18 and \$514,000 in FY19, as well as 1.0 FTE position, to support training for school employees in trauma-informed care.

Tax Credits: The Governor's budget extends the Wisconsin Earned Income Tax Credit (EITC) to low and moderate income noncustodial parents who pay their current child support on time and in full throughout the year. The credit will be equal to 2/3 percent of the amount that a single parent with one child can claim under the state EITC, or a 7.5 percent match on the federal EITC. The change will take effect in tax year 2018 and provide \$230,000 annually in benefits to eligible filers.

The Governor's budget creates an employment assistance tax credit (Young Adult Employment Assistance Credit) for young adults aging out of foster care or lost supplemental security income (SSI) benefits due to the age 18 redetermination within the prior three years. The credit would be set at 125 percent of the federal credit for childless adults (benefits approximately 2,000 filers). The credit begins in tax year 2018.

Housing Assistance: The Governor's budget authorizes the Wisconsin Housing and Economic Development Authority (WHEDA) to request a waiver from the U.S. Department of Housing and Urban Development to pilot employment, training or self-sufficiency programming requirements for certain able-bodied adult recipients of Housing Choice Vouchers.

The Governor's budget authorizes WHEDA to implement voluntary self-sufficiency services in coordination with other organizations for Housing Choice Voucher recipients.

Homelessness: The Governor's budget pilots a homelessness employment program to provide homeless individuals with work experience and work routine through jobs cleaning up municipal parks and public spaces with a goal of transitioning them into permanent employment. The budget provides \$75,000 GPR in each year of the biennium to a Wisconsin municipality to pilot the program, with a \$50,000 matching grant requirement.

The Governor's budget provides ten \$50,000 grants annually funded by TANF funds to homeless shelters for intensive case management services for homeless families, with a focus on financial management counseling, continued school enrollment for children, connecting parents who are job training graduates or who have a recent work history with their local workforce development board to employment, and enrolling unemployed or underemployed parents in W-2 or FSET.

Elderly and Disabled Transportation Aids: The Governor's budget provides a 2 percent increase in both fiscal years of the biennium for aids to counties for the transportation of seniors and individuals with disabilities.

Tribal Youth Treatment Facility: The Governor's budget provides \$100,000 Tribal gaming revenue in each fiscal year to fund a feasibility study and business plan for a youth wellness center in northern Wisconsin.

JUDICIAL AND PUBLIC SAFETY

Offender Reentry: The Governor's budget expands opportunities for inmates within 6 months of their release to be moved to county jails so that they can participate in work release and related employment programs.

Treatment Alternatives and Diversion Program: The Governor's budget provides \$2 million in one-time GPR funds in FY 2017-18 and \$2 million one-time GPR funds in FY 2018-19 for the Treatment Alternatives and Diversion program. Also, the Governor's budget provides \$150,000 in one-time GPR funds in FY 2017-18 and FY 2018-19 for drug courts to be used for grants to counties to help with expansion. This is a 30 percent increase in funding over the base funding.

Pay Progression: The Governor's budget plan provides additional funding for pay progression of \$664,400 GPR in FY 2018-19 for deputy and assistant public defenders and \$1.066 million in GPR in FY 2017-18 and \$2.6 million GPR in FY 2018-19 for deputy and assistant district attorneys to increase retention.

Director of State Courts: The Governor's budget allows the Director of State Courts to develop a pay plan for judges and justices to be submitted to the Joint Committee on Employment Relations for approval. Under current law, annual salaries for judges and justices are reviewed and established in the state compensation plan in the same manner as positions in the state classified service. The pay plan may utilize savings within the Wisconsin Court System from existing appropriations. The budget directs \$334,000 in one time GPR funds in FY 2018-19 to reflect an amount equal to the wage increase provided to other state employees. Non-judicial staff will continue to be covered under the state compensation plan.

Emergency Services: The Governor's budget doubles the match by the state to a municipal contribution to the service award program up to \$500 per year for volunteer firefighters, emergency medical technicians and first responders. Also recommended is a

reduction in the required service time to qualify for an award from 20 to 15 years and a reduction of the age required to receive a service award from 60 to 53 years.

The budget creates a new emergency medical technician endorsement and an extension in the time period for license renewal from 2 to 4 years. This budget also allows ambulance service providers that receive aids from the Department of Health Services (DHS) to escrow unused moneys and use those moneys in a subsequent year for first responder training and examinations or emergency medical technician training and examinations at any level.

Due to an increase in demand for emergency response training courses for law enforcement, fire services and military personnel, the Governor's budget increased permanent training staff at the Regional All-Climate Training Center by providing 2 FTE permanent positions and relocating existing resources.

TAXATION AND FINANCE

Joint Agency: The Governor's budget provides counties and municipalities the authority to enter into contracts to establish joint agencies or commissions to carry out certain functions that will fulfill each of the participating local governments' obligation to establish such an agency or commission for that function.

Sales Tax Holiday: The Governor's budget creates a "back to school" sales tax holiday effective for two days in both August 2017 and August 2018 for specified school supplies. The sales tax holiday is expected to reduce state sales tax revenues by \$11 million.

Elimination of State Property Tax: The Governor's budget eliminates the state portion (forest mill tax) of the property tax beginning in 2017.

Levy Limits: The Governor's budget modifies levy limits by requiring municipalities and counties to reduce their levy limit authority by the amount that debt service on debt issued before July 1, 2005, would decrease in the current year compared to the prior year.

Direct Payment of Property Tax Credits: The Governor's budget recommends, beginning with distributions in 2018, allowing municipalities which receive in total at least \$3 million from the sum of the school levy tax credit, first dollar credit, and lottery credit to make one ongoing request, rather than annual requests, to receive these payments directly from the state, instead of through the county.

Newspaper Publishing Requirements: The Governor's budget allows an electronic option for all units of government for any statutory printing, publishing, or mailing requirements. The following documents are excluded from the waiver authority and the electronic option: any election documents, facsimile ballot, referenda, notice of public hearing before a governmental body, and notice of meetings of private and public bodies required by law; and a summons, order, citation, notice of sale, or other notice that in

intended to inform a person that the person may or shall do an act or exercise a right within a designated period or by a designated date. In addition, the proposal exempts certified or registered mail.

Shared Revenue: The Governor's budget maintains the current county shared revenue funding allocation, excluding Milwaukee County (see below).

Milwaukee County Shared Revenue: The Governor's budget reduces Milwaukee County's shared revenue payment in fiscal year 2019 by \$1,950,000 each year for 10 years in recognition of the \$26 million Volkswagen emissions settlement funds to be made available to the county for replacement of eligible vehicles.

Fire Suppression: The Governor's budget specifies that a person who sets a forest fire is liable to the state for all of the fire suppression expenses that are shared by the state and the county and that the county's share of expenses, which is otherwise equal to the state's share, is reduced by the amount by which such damages, if paid, exceed the state's share of expenses.

Timber Cutting Notices: The Governor's budget provides that the requirement that the sale of timber cut from a state, county, or community forest be advertised in a local newspaper may be satisfied by posting notice on certain official internet sites. The budget also provides that approval and notice requirements apply to the sale of timber with an estimated value of \$10,000 or more that was cut from a state, county, or community forest. Finally, the budget provides that a county cutting merchantable wood products from a county forest must furnish DNR with a report not more than five years after filing a cutting notice.

TRANSPORTATION AND PUBLIC WORKS

Transfers from the General Fund to the Transportation Fund: The Governor's budget transfers a one-time payment of \$24 million from the Petroleum Inspection Fund to the Transportation Fund in both fiscal years 2017-18 and 2018-19.

General Transportation Aids: The Governor's budget includes an increase to counties in General Transportation Aids by increasing the annual amount allocated from \$98.4 million in the current biennium to \$111.1 million by calendar year 2018.

Routine Maintenance Agreements: The Governor's budget increases the allocation for Routine Maintenance Agreements between the state and the counties by \$33,733,000 over the biennium for counties to perform additional maintenance work on the State Trunk Highway and Interstate systems.

Mass Transit Operating Aids: The Governor's budget funds Mass Transit Operating Aids at current levels:

Tier A-1: \$64,193,900

Tier A-2: \$16,868,000
Tier B: \$24,486,700
Tier C: \$5,188,900

Local Bridge Improvement Program: The Governor's budget includes an increase of \$6 million in the Local Bridge Improvement Program. State funding for the program is increased by \$3 million annually. Total program funding increases over the biennium from \$16.9 million to \$22.9 million.

Local Road Improvement Program (LRIP): The Governor's budget increases county LRIP (CHIP) Entitlement Program funding from \$13.9 million in the 2015-17 biennium to \$15.9 million in the 2017-19 biennium. In addition, the budget increases county LRIP (CHIP) Discretionary Program funding from \$10.3 million in the 2015-17 biennium to \$11 million in the 2017-19 biennium.

Majors Projects: The Governor's budget cuts \$16 million from the majors program. The total funding level for the majors program is \$669.9 million in the 2017-19 budget cycle. Delayed projects include US HWY 53, US HWY 12, STH 64 and the Rock County Transportation Plan.

Southeast Mega Projects: The Governor's budget reduces funding from \$414.6 million in the 2015-17 biennium to \$122 million in the 2017-19 biennium. This is a proposed funding reduction of \$292.6 million for the upcoming budget cycle.

State Highway Rehabilitation Funding: The Governor's budget provides \$1.7 billion in funding for the State Highway Rehabilitation Program in the 2017-19 biennium.

Seniors and Individuals with Disabilities Specialized Transportation Aids: The Governor's budget increases funding for the program by \$562,200 in the biennium. This amounts to a 2% increase in funding in each year of the budget.

Project Labor Agreements (PLA): The Governor's budget proposal prohibits the state and local units of government from requiring that a bidder enter into a Project Labor Agreement.

State Prevailing Wage Requirements: The Governor's budget eliminates prevailing wage requirements for projects using state dollars. Projects using federal dollars are still applicable to federal Davis-Bacon wage requirement thresholds.